

General Long-Term Debt

In the new reporting model established by GASB Statement 34, the General Long-Term Debt Account Group is eliminated. Instead, long-term liabilities are reported in the government-wide statement of net assets, and a schedule of long-term debt is included in the notes to the financial statements.

Governmental funds are concerned with the flow of current financial resources. Accordingly, certain general long-term liabilities that are not expected to require the use of currently available resources are not reported in governmental funds. General long-term liabilities refer to the unmatured principal of long-term indebtedness that is not the primary obligation of proprietary or fiduciary trust funds. Debt related to proprietary and fiduciary trust funds is addressed in Procedure No. 809.

Items normally included in a school district or county office of education's general long-term debt include the outstanding principal on bonds, capital leases, certificates of participation, state school building loans, and long-term liabilities for retiree benefits and compensated absences. Typically, long-term debts are incurred to construct or purchase buildings, land, and equipment for the LEA.

Short-Term Portion of Long-Term Debt and Accrued Liabilities

LEAs should maintain detailed information on all of their long-term debt, including issue date, interest rate, total debt outstanding, and principal and interest repayment. In general, LEAs should report liabilities in the government-wide statement of net assets at face value, net of premium or discount.

Only the portion of the debt that will require the use of existing fund assets for settlement should be classified as a liability of the governmental fund. However, debt *may* be reclassified in the debt service fund if resources have already been accumulated in that fund at the end of the fiscal year for debt service payments due early the following year. It is recommended that a payment be considered "due early in the following year" only if it is to be paid within one month of the date of the balance sheet.

Current liabilities, such as accounts payable, should be reported in the governmental fund regardless of whether they will be liquidated with current resources. There are exceptions to this general rule for the following specific types of liabilities:

Claims and judgments
Compensated absences
Unfunded pension contributions
Special termination benefits

In these cases a liability should be recognized in the government-wide statement of net assets for the unmatured amount (i.e., the amount not yet due and payable).

Notes:

- See Procedure No. 805 for an example of the journal entries required for recording capital leases.
- See Procedure No. 606 for an example of the journal entries required for recording certificates of participation.
- See Procedure No. 609 for discussion of recording compensated absences.
- See Procedure No. 901 for an example of the entries required for recording issuance and repayment of general obligation bonds.